



# City of Killeen

## Legislation Text

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**File #:** RS-22-098, **Version:** 1

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Consider a memorandum/resolution approving fee increases for the Stonetree Golf Club. (Tabled from July 26, 2022 Regular City Council Meeting)

**DATE:** July 19, 2022  
**TO:** Kent Cagle, City Manager  
**FROM:** Joseph Brown, Executive Director of Recreation Services  
**SUBJECT:** Stonetree Rate Structure Increase

### **BACKGROUND AND FINDINGS:**

During the past three (3) years managing Stonetree Golf Club, Indigo Sports has seen steady and substantial increases in expenses related to maintaining the golf course. These changes have led to the proposed rate structure increases for FY23. The most recent rate increase was less than four percent which was solely related to green fees in FY20. Every year the golf course management company submits the annual operating budget. The City shall have final approval and final decision-making authority over the Annual Budget. The contract states that all fees may not be raised without prior approval of the City and such approval will not be unreasonably withheld. The RFP that the City advertised in regard to the current golf course management fee states the following in regard to fees:

#### Daily Golf Fees

- a. Fees and Charges
  - i. Proposer shall keep a current and comprehensive list of fees for golf play and cart rentals. Standard fees shall be displayed and posted on the website.
- b. Establishing of Fees
  - i. Proposer shall conduct an annual, comprehensive survey of green fee and rental rates at comparable golf courses within the market area and submit recommendations for fee changes to the City Manager or his designee. Current fees shall be included in the proposer's proposal and may be negotiated.
  - ii. City Council must approve all green fees and cart shed rental rate changes that would exceed 5% in any 12-month period.

Being that the proposed fees are greater than a 5% increase, this proposal requires City Council approval.

The proposed fee increases are related to course standards and course playability. Increases are related to course operating expenses, which are increasing and includes

- Operating expenses, both fixed and variable are increasing i.e., Herbicide, fertilizer, sand, irrigation and labor
- Operating expenses are proposed to increase 12% in FY23
- Revenue is proposed to increase 14% for FY23 with proposed fee structure being approved

The proposed increases will also allow the golf course to realistically target identified CIP

The City created and set aside a governmental CIP fund for golf improvements. Excess revenue funds this account

- Tee renovation
- Bunker renovations
- Green covers
- Range Servant
- Ball picker
- Gang unit
- Ball washer

Staff researched our current fees and proposed fee increases, while looking at benchmark cities and other courses that fall in line with our current and desired course standards. Below is the list of Cities reviewed:

Passholder	Stonetree		Hills of Cove	Sammons	Mill Creek
	Current	Proposed			
Adult Membership	\$1,200.00	\$1,400.00	\$625.00	\$925.00	\$3,300.00
Additional Family	\$ 540.00	\$ 640.00	\$225.00	\$350.00	N/A
Senior	\$ 950.00	\$1,100.00	\$475.00	\$725.00	N/A
Junior	\$ 400.00	\$ 400.00	\$325.00	\$325.00	N/A
Golf Cart Storage Fee	\$ 500.00	\$ 600.00	\$625.00	N/A	\$1,800.00
Trail Fee	\$ 600.00	\$ 700.00	\$300.00	\$ 11.50 Per	\$ 960.00
Active Duty Military	\$ 950.00	\$1,100.00	\$476.00	N/A	N/A
Range Membership	\$350/\$45	\$400/\$52	N/A	\$325.00	\$ 300.00

Passholder	Clear Creek	Delaware Springs	Cottonwood*	Forest Creek	Crystal Falls
Adult Membership	\$900.00	\$1,085.00	\$800.00	\$2,350.00	\$2,000.00
Additional Family	\$350.00	\$ 541.00	\$300.00	\$1,300.00	\$1,500.00

Senior	N/A	N/A	N/A	\$ 700.00	\$2,350.00
Junior	N/A	\$ 361.00	\$361.00	\$1,000.00	N/A
Golf Cart Storage Fee	\$700.00	\$1,050.00	N/A	N/A	\$ 750.00
Trail Fee	\$650.00	\$ 578.00	N/A	\$2,200. Per	\$ 965.00
Active Duty Military	\$600.00	N/A	N/A	N/A	N/A
Range Membership	N/A	N/A	N/A	\$725.00	N/A

\*Cottonwood charges \$21.00 each round with cart and \$11.00 without a cart.

Public Rates with Cart	Stonetree		Hills of Cove	Sammons	Mill Creek
<b>Weekday</b>	Current	Propose			
9 Holes	\$23.00	\$26.00	\$22.00	\$21.75	N/A
18 Holes	\$39.50	\$44.00	\$34.00	\$35.00	\$50.00
Senior	\$33.50	\$37.00	\$31.00	\$30.00	N/A
Junior	\$15.00	\$15.00	\$13.00	\$5.00	N/A
AD Military	5.00 Off	5.00 Off	N/A	\$30.00	N/A
Twilight	\$26.00	\$30.00	\$27.00	\$24.00	\$25.00
Super Twilight	\$23.00	\$26.00	\$25.00	N/A	N/A
<b>Weekend</b>					
9 Holes	\$31.00	\$35.00	\$22.00	N/A	N/A
18 Holes	\$47.50	\$54.00	\$39.00	\$40.00	\$60.00
Senior	\$47.50	\$49.00	\$36.00	\$40.00	N/A
Junior	\$18.00	\$18.00	\$13.00	\$ 5.00	N/A
AD Military	\$ 5.00 C	\$ 5.00 C	N/A	N/A	N/A
Twilight	\$33.00	\$36.00	\$32.00	N/A	\$30.00
Super Twilight	\$28.00	\$31.00	\$30.00	N/A	N/A

Public Rates w/Cart	Clear Creek	Delaware Springs	Cottonwood	Forrest Creek	Crystal Falls
<b>Weekday</b>					
9 Holes	\$26.00	\$28.00	\$38.00	\$33.00	\$32.00
18 Holes	\$41.00	\$43.00	\$47.00	\$53.00	\$47.00
Senior	\$31.00	\$2.00 Off	\$37.00	\$39.00	\$42.00
Junior	\$13.00	\$2.00 Off	\$20.00	50% Off	\$18.00
AD Military	\$31.00	\$2.00 Off	N/A	\$39.00	\$42.00
Twilight	\$31.00	\$25.00	\$38.00	\$39.00	\$38.00
Super Twilight	N/A	N/A	\$28.00	\$29.00	N/A
<b>Weekend</b>					
9 Holes	\$31.00	\$36.00	\$43.00	\$53.00	\$35.00

18 Holes	\$46.00	\$53.00	\$55.00	\$73.00	\$60.00
Senior	\$46.00	\$ 2.00 Off	\$55.00	\$63.00	\$50.00
Junior	\$15.00	\$ 2.00 Off	\$20.00	50% Off	\$18.00
AD Military	\$41.00	\$ 2.00 Off	N/A	\$63.00	\$50.00
Twilight	\$36.00	\$30.00	\$38.00	\$49.00	\$45.00
Super Twilight	N/A	N/A	\$28.00	\$35.00	N/A

Stonetree Golf Club Improvements going back to June of 2019 include:

- Significant reduction of weeds throughout the course
- Began tree replacement process adding roughly (60) trees throughout the course
  - Removed approx. (40) trees on the property
- Replaced the irrigation control panels
- Added driving range lighting
- Turf management best practices created/established
- New tee markers, wood bridge on hole #2, adding sand to bunkers, tree work
- Clearing out all creek and lake beds of overgrowth
- Conversion of greens to a better putting surface
- Increased tee box surface area with a more wear tolerant grass
- Converted eight fairways from common Bermuda grass to a new hybrid Bermuda grass that is much denser for a better playing surface
- ACE the Guest Experience (ACE) training for customer service provided to all staff
- Inventory management with Demo Days to focus on custom orders for guests
- Junior tees and scorecards established
- Junior golf programs have been created and are on-going
- Individual golf instruction with certified instructors
- Renovations to the pro-shop to create a bar and the opportunity to eat pre or post your round
- Created a player’s lounge area, which allows players to hang out and watch games, tournaments on TV, play games, shoot pool pre and post their round
- Created indoor teaching facility and club repair shop

<b>Stonetree</b>		<b>Proposed</b>	<b>Proposed</b>	<b>Resident</b>
<b>Passholder</b>	<b>Current</b>	<b>Resident</b>	<b>Non-Resident</b>	<b>% Increase</b>

Adult Membership	\$1,200.00	\$1,400.00	\$2,000.00	17%
Addl Family Member	\$ 540.00	\$ 640.00	\$1,240.00	19%
Senior	\$ 950.00	\$1,100.00	\$1,700.00	16%
Junior	\$ 400.00	\$ 400.00	\$1,000.00	13%
Golf Cart Storage Fee	\$ 500.00	\$ 500.00	\$500.00	20%
Trail Fee (Own Cart)	\$ 600.00	\$ 600.00	\$600.00	17%
Active Duty Military	\$ 950.00	\$1,100.00	\$1,100.00	16%
Range Member	\$ 350.00	\$ 400.00	\$1,000.00	14%
Range Public	\$ 450.00	\$ 525.00	\$1,125.00	17%
Golf Cart Fees 9 Holes	\$ 11.00	\$ 11.00	\$11.00	9%
Golf Cart Fees 18 Holes	\$ 16.00	\$ 16.00	\$16.00	13%
Trail Fee (Stonetree Cart)	\$ 600.00	\$ 950.00	\$1,550.00	58%

<b>Weekday</b>	<b>Current</b>	<b>Proposed</b>	<b>% Increase</b>
9 Holes	\$23.00	\$26.50	14%
18 Holes	\$39.50	\$44.00	11%
Senior	\$33.50	\$37.00	10%
Junior	\$15.00	\$15.00	0%
AD Military	\$ 5.00 Off	\$ 5.00 Off	Flat
Twilight	\$26.00	\$30.00	15%
Super Twilight	\$23.00	\$26.00	13%

<b>Weekend</b>	<b>Current</b>	<b>Proposed</b>	<b>% Increase</b>
9 Holes	\$31.00	\$35.00	13%
18 Holes	\$47.50	\$54.00	14%
Senior	\$47.50	\$49.00	3%
Junior	\$18.00	\$18.00	0%
AD Military	\$ 5.00 Off	\$ 5.00 Off	Flat
Twilight	\$33.00	\$36.00	9%
Super Twilight	\$28.00	\$31.00	11%

	FY16	FY17	FY18	**FY19	FY20	FY21
Revenue	\$1,070,403	\$1,043,385	\$1,075,040	\$ 939,400	\$1,163,397	\$1,300,369
Expenses	1,444,371	\$1,451,161	\$1,404,241	\$1,183,134	\$1,318,284	\$1,352,728
Net Income	(\$373,968)	(\$407,776)	(\$329,201)	(\$243,734)	(\$154,887)	(\$52,359)

\*\*Indigo Golf managed the property for half of this year

**THE ALTERNATIVES CONSIDERED:**

Option 1: Do not approve the increase in fees at Stonetree Golf Course

Option 2: Approve the increase in fees at Stonetree Golf Course

Option 3: Approve the increase in fees at Stonetree Golf Course with changes

**Which alternative is recommended? Why?**

Staff recommends the increase in fees for the golf course. The course and facility improvements align Stonetree appropriately in the competitive market while still providing an affordable option to the Killeen Community.

**CONFORMITY TO CITY POLICY:**

This increase conforms to City Policy and all applicable laws.

**FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

If proposed fee increases for FY 2023 are approved, green fee and cart fee revenue is expected to increase by \$115,500 and annual passes are expected to increase \$96,000 for a total revenue increase of \$211,500. Total expenditures for FY 2023 are expected to increase by \$174,101. The net surplus is \$37,399.

**Is this a one-time or recurring expenditure?**

Recurring

**Is this expenditure budgeted?**

Expenditures for FY 2023 will be presented in the FY 2023 Proposed Budget.

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

Expenditures for FY 2023 will be presented in the FY 2023 Proposed Budget.

**RECOMMENDATION:**

Recreation Services staff recommends City Council approve the proposed golf course fee increases as recommended.

**DEPARTMENTAL CLEARANCES:**

Finance

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

N/A